



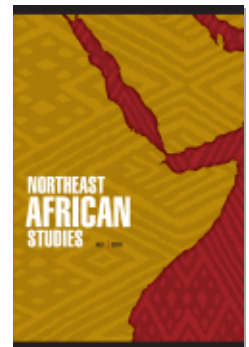
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Historicizing Contemporary Growth: The Ethiopian Revolution, Social-Structural Transformation, and Capitalist Development

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ABSTRACT

This article aims to historicize the current conjuncture in Ethiopia, which is characterized by rapid economic growth. It aims to do so by using a historical and political economy perspective to analyze the social-structural transformation that the Ethiopian revolution entailed, the nature and dynamics of the social structures that emerged as a result of the Ethiopian revolution, and the manner in which those structural transformations relate to the current phase of capitalist growth in the country. It is argued that the Ethiopian revolution, by eliminating the rentier landlord class; by elevating in its place a modern petit bourgeois category to the commanding positions of the state apparatuses and of the economy; by creating an internal market out of the freed peasantry; by enhancing and deepening the relative autonomy of the state, along with its ability to intervene in the economy and act as an agent and promoter of accumulation; and by thoroughly subjugating labor, created a social structure conducive to capitalist development and laid the foundations for the current spurt of rapid capitalist growth.

Introduction

“Class structures, once established,” Robert Brenner claimed in 1977, “will in fact determine the course of economic development or underdevelopment over an entire epoch.”¹ Without necessarily adopting the full range of implications of what has become known as the “Brenner thesis”—which may include, notably, the assertion that the development of capitalism from within a social formation requires some extraordinary factors—the notion that relatively rigid social structures condition socioeconomic development (and indeed what form of development is possible) remains a useful insight, one that is unfortunately often neglected in discussions of the latest examples of rapid expansion by this or that “tiger,” “goose,” “dragon,” or “lion.” Equally valuable is Brenner’s observation that modern economic growth is deeply associated with, if not altogether dependent on, the development of capitalist relations of production and thus of the emergence of a social structure that corresponds to such relations. This points to the importance of those conjunctures in which the social structure is radically altered, and in which a new, relatively rigid set of social structures is “set”—particularly those social structures that correspond to the development of capitalism.

The Ethiopian revolution, which broke out in 1974, constituted such a conjuncture. As the old order broke down, the structure of the Ethiopian society and economy was radically changed. This article aims to describe briefly the social-structural transformation that the Ethiopian revolution entailed, to establish the nature and dynamics of the social structures that emerged as a result of the Ethiopian revolution, and to analyze how that structural configuration relates to the current phase of capitalist growth in the country.

Capitalist Expansion: The Current Conjuncture

The Ethiopian economy is in the midst of a phase of rapid capitalist expansion. The exact rate of economic growth over the past decade may be a matter of debate, but whether the annual average rate is recorded in double digit figures or just below that level, rapid expansion is a contemporary

reality beyond dispute.² The pace and the nature of this expansion can be illustrated by the expansion of wage labor that it has entailed.

In the mid-1960s, when the imperial regime was in the midst of its most ambitious push for economic modernization, fewer than 300,000 people were employed in the modern wage-employing sectors.³ Over the following four decades, these numbers grew at a fairly sluggish pace, outside of a temporary bulge associated with the militarization and bureaucratization of socioeconomic life in the early postrevolutionary years. The most recent surge seems to be based on more solid foundations, in that wage employment figures correlate with the growth figures mentioned above, and can be traced to the end of the last Ethio-Eritrean war: between the 2005 National Labour Force Survey commissioned by the Central Statistics Agency and the most recent survey conducted in 2013, the category of people in paid employment rose from 2,478,000 to 4,253,000,⁴ Rizzo points out that significant numbers of wage workers remain hidden from the statistics.⁵ Furthermore, should the current plans for expansion in a number of key sectors reach anywhere near the projected estimates, these numbers are set to rise exponentially in the near future, as described in more detail elsewhere.⁶ All in all, the trajectory is one of rapid and unprecedented expansion.

While economic modernization and growth have long been goals pursued by the state, they have until recently been elusive. Different factors have been suggested to explain their occurrence at this time. Economistic analyses have tended to focus on such issues as the role of liberalization, public investment, monetary policy, and fiscal policy in spurring the expansion.⁷ Others have argued that access to international markets and capital inflows has played a positive role.⁸ Political economy-inclined commentators, on the other hand, have emphasized such factors as industrial policy, the institutional capabilities of the state and the role of the state in assigning the distribution of surpluses/rents.⁹ While the above mentioned perspectives have produced important insights into factors facilitating contemporary growth, they also have blind spots. Historically defined and constructed social-structural factors are rarely taken into consideration in contemporary discussions of Ethiopian economic growth. In fact, such discussions have been marked by ahistorical and narrow economistic tendencies that fail to ground the present conjuncture in

the past or to frame discussions on the economy in the social structures within which it is embedded. This stands in contrast to a scholarly discourse on Ethiopian development that was popular in the 1960s, 1970s, and 1980s. Although that discourse has since been superseded, it is argued that the baby should not be thrown out with the bathwater; that the important insights developed by scholars who employed a structuralist approach should not be cavalierly discarded. For this reason, it seems useful to revisit the historical and social-structuralist political economy perspective and the scholarship it generated on Ethiopia, in light of more recent developments.¹⁰

Social Structure and Capitalist Development

Capitalist development requires a number of structural preconditions and is affected by a multitude of conditioning factors. Such structures, once brought into existence, tend to be relatively stable over a significant period of time and development. Hence, Brenner's statement above on the determinants of development and underdevelopment over an entire epoch. In what follows, a number of these preconditions and conditioning factors will be discussed.

At the most elementary level, capitalism, or generalized commodity production, requires the orientation of a section of the economy toward the production of commodities for exchange and profit. It also requires the commodification of the forces of production: that is, of the means of production and, crucially, of labor. The emergence of a section of the population engaged in wage labor, "freed" from control of the means of production, is thus of critical importance. However, the absence of a sector in which the primary producer is indeed in control of the means of production is probably never likely. Neither is it probable that the workforce is ever fully proletarianized. Capitalist relations of production are thus articulated to noncapitalist relations of production within a single social formation from the outset.

A proletarianized part of the population necessarily requires a counterpart—that of capital. In the classical case, capital is represented by the capitalist: the individual or the constellation of individuals who own the private enterprise. This, however, is a narrow conceptualization of what is

essentially a social relation that allows for the extraction of surplus labor from the wage worker by those in control of the means of production, as we shall see below.

The class positions brought into being by capitalist relations of production constitute dialectical opposites with antagonistic interests in, among other things, the appropriation of the surplus produced. The greater the surplus that can be secured out of the sale of commodities, the faster the process of capital accumulation proceeds. The cheaper the labor, therefore, the higher the surplus, and consequently the more rapid the process of accumulation. While this is not necessarily so on a systemic level, it holds true for the individual enterprise, and, in certain economies—notably those dominated by export-oriented production—when the effects of labor price on demand are discounted. Under certain conditions, therefore, relatively low wages will have a positive effect on capitalist development. It has been noted that this is a factor affecting late-developing capitalist economies in general, and those sometimes labeled “developmental states” in particular.¹¹ Yet, this notion evokes another structural precondition for the development of capitalism, which is the availability of a market for the commodities produced—the larger, the better. But as indicated by the previous discussion, an external market may, at least temporarily and in limited ways, substitute for the absence of an internal one.

Wage workers, for obvious reasons, tend to push in the opposite direction with regard to surplus appropriation, and tend to organize collectively to achieve a better position. Where workers’ organization is successful, one may expect wage levels to show signs of relative increase. To offset this possibility, the subjugation of labor is a possibility. The subordination of labor to the logic of capital is achieved at the moment of separation from the means of production, but the subjugation of labor can be achieved only through extra-economic means. Here, the role of the state becomes evident.

Within a social formation characterized by a class structure that produces the above mentioned positions, the character of the state—itsself a solid part of the social structure—is delicate yet crucial. Poulantzas has drawn attention to the particular character that capitalist development imbues the state with and in turn requires the state to exhibit. In order to “realize the function of political hegemony which the bourgeoisie is

unable to achieve,” the state “assumes a relative autonomy with regard to the bourgeoisie.”¹² This relative autonomy “allows the state to intervene not only in order to arrange compromises vis-à-vis the dominated classes, which, in the long run, are useful for the actual economic interests of the dominant classes and fractions; but also (depending on the concrete conjuncture) to intervene against the long-term economic interests of one or other fraction of the dominant class, such compromises and sacrifices being sometimes necessary for the realization of their political class interests.”¹³ Here, Poulantzas lays down the logic of relative autonomy as a general feature of capitalist states. There are, however, those that are imbued with a higher sense of relative autonomy; Poulantzas termed these the “exceptional” types of state. Chief among them is the example of the “bonapartist” state. The bonapartist state is exceptional in the extensive degree of relative autonomy that it enjoys¹⁴—arising out of a balance of class forces particular to a transitional phase—to the extent of being able to go as far as actually going against the interests of dominant classes,¹⁵ if only temporarily, and for the reasons mentioned above. It has been convincingly argued by a number of writers that the Ethiopian state that emerged from the revolution exhibited characteristics that are typical of the bonapartist state.¹⁶

It is tempting to correlate this explicitly Marxist theorization with the non-Marxist discussion on the “developmental state”—a specific form of interventionist state that is identified in the literature as particularly successful in spurring capitalist development in late-developing economies. The concept of the developmental state and discussions on such states have been inspired by Poulantzas’s concept of relative autonomy and the break that this constituted within the field of state-society theorization. The developmental state, it is fair to say when translating the concept into language more closely resembling that of Poulantzas, can be characterized as an interventionist capitalist state, imbued, due to its structural and historical position, with a high degree of relative autonomy, not unlike the bonapartist state. This relative autonomy, however, is not to be confused with absolute autonomy. Chang has rightly pointed out that there is a tendency among some theorists of the developmental state to fetishize the state by decoupling it from the social relations of which it is constituted.¹⁷ Within a social formation marked by class divisions, the state must remain a classed category.

But the state's role in capitalist development can take a more direct expression. As mentioned above, the reduction of capital to the individual capitalist alone is an oversimplification. The relational position of capital may equally be represented by the joint-stock corporation, by the public enterprise, or by the state. Capitalist accumulation can thus take place under the aegis of the state. State control over the means of production, Charles Bettelheim has pointed out, may lead to "relations constituting a structure which reproduces the separation of the direct producers from their means of production. If under these conditions the relationship between labor power and means of production is expressed through a wage relationship, this means that the relations of production are capitalist relations, and that those who occupy leading posts . . . are, collectively, a capitalist—a state—bourgeoisie."¹⁸ This is a condition that has been labeled state capitalism. According to James Petras, state capitalism is essentially a process of capitalist development that borrows "socialist" political and economic forms to accomplish capitalist ends.¹⁹ It emerges as a response to unfavorable economic fortunes of private national capital and is primarily driven by categories that lack an economic base, and therefore it is inclined to use the state as the locus of accumulation and as a tool to remove the unfavorable conditions for private national accumulation. The importance of the interventionist state, as constituted by a certain social structure and again constitutive of the transition it is a part of, comes to the fore.

To sum up this discussion, capitalist development requires a social structure that produces and reproduces capitalism, and this social structure is characterized by, among other things, the availability of commodified labor—preferably, when not considering the effects of labor price on demand, relatively cheap—and means of production; by the existence of a class, classes, class fractions, and/or categories of owners/controllers of these means of production employing them to produce commodities for the purpose of expanded accumulation; a market for these commodities; and—partly as a result of this structural configuration—of a state imbued with differing degrees of relative autonomy: the higher the autonomy, the stronger the ability of the state to intervene decisively in order to spur capital accumulation generally on an extended scale.

Imperial Ethiopia: The Capitalist Path Obstructed

Imperial Ethiopia has been characterized as “feudal” by a number of scholars and activists alike. This characterization has been severely critiqued by others for not taking into consideration the particularities of prerevolutionary Ethiopian agrarian relations. “If feudalism as a mode of production is defined by the mode of extraction of the surplus—the payment of ‘feudal rent’ by the laborers to the ‘non-laboring’ owner of the land,” as Fred Halliday and Maxine Molyneux have claimed, “then it can be said that feudal relations obtained in many parts of the Ethiopian formation.” “However, if the concept of feudalism is expanded to include the institutional arrangements associated with European or Japanese feudalism then substantial divergences arise,”²⁰ they convincingly argue. Yet, whatever one concludes with regard to this taxonomic discussion, it is beyond dispute that prerevolutionary agrarian relations were characterized by landlordism and that this presented a serious structural obstacle to the development of capitalism in the country.²¹ It did so in a number of ways.

First, the nature of the dominant classes that landlordist relations produced ensured that little accumulation on an extended scale could occur.²² The landlords—as well as the church, which was a major landholder—were content to consume much of the agrarian surplus, and what little surplus was reinvested went into trade and real estate rather than into the productive sectors.²³ Meanwhile, as the local landowning class preferred consumption to productive reinvestment, the modern sectors were largely left to foreign ownership: out of the 51 largest manufacturing firms in 1970, only two were wholly owned by private Ethiopian investors, while 33 were fully foreign owned, and 38 were foreign operated.²⁴ The foreign owners within the modern sector tended to repatriate profits above what was invested.²⁵ Combined, these factors meant that no significant national capital accumulation could take place.

Second, exploitative agrarian relations hampered this process further by denying aspiring capitalists a significant internal market. As a result of the heavy extraction that burdened the peasantry, this destitute mass could provide little demand to drive the economic modernization process. The Ethiopian internal market—weak, although slowly emerging—thus presented another obstacle to capitalist development.²⁶

A third obstacle to the development of capitalism concerned the deleterious effects of the landlordist social structure on the political configuration. This had two aspects. First, it tended to sustain a predatory and repressive but extraordinarily weak state. John Markakis has lucidly illustrated this point. “The vast majority of Ethiopia’s people who live in the countryside have little contact with the central government establishment and the men who wield power in it,” he wrote on the eve of the revolution. “Government in rural Ethiopia is represented mainly by the provincial administration and performs primarily traditional functions of law enforcement, maintenance of order, administration of justice, and collection of taxes,” he continued, illustrating the state’s singular focus on its repressive and extractive tasks. Underlining the weakness of the state, he claimed that “[the ministries and agencies of the central government] have not yet penetrated—and are not likely to do so in the near future—into the countryside where the majority of Ethiopia’s people live widely dispersed.” Here, instead, “the local governor is the sole and all-powerful representative of a distant government residing in Addis Ababa.” “Designed for the task of conservation,” the provincial administration was not only “ill suited for the task of development, but, given its controlling role over other agencies at this level, [had] become a major obstacle to that task.”²⁷

Another aspect of the effects of the landlordist structure on the political configuration was that it deprived the state of any meaningful relative autonomy. It could not act “to intervene against the long-term economic interests of one or other fraction of the dominant class,” even when such intervention might be required to achieve such “compromises and sacrifices [as] are sometimes necessary for the realization of their political class interests,” and was consequently unable to promote the development of conditions conducive to its own modernizing effort whenever such conditions were opposed by the landowning classes. Again, Markakis has described the manner in which the state was tied to landlordist interests:

Large landowners who hold unutilized land were exempted from the agricultural income tax law of 1966. The draft included a steeply graduated tax on unutilized land designed to force its cultivation or sale, in the interest of agricultural development. The government allowed parliament, in whose ranks landowners predominate, to amend the law in order to continue the payment of tithe on such land. Again, in 1968, the

Ministry of Land Reform prepared a draft law imposing a graduated tax on unutilized land. This measure was shelved by the Council of Ministers.

A serious drain in revenue results from widespread tax evasion, a dramatic condition supported by administrative inefficiency, abuse of political power, and poverty. . . . tax assessment and collection is left to the provincial treasurers and local officials, traditional types whose efficiency in this pursuit is not notably high. Since land-holding is an attribute of status in this society, the largest landowners are also the wielders of great power. Many of them do not trouble to pay tax, or pay nominal taxes on their holdings; and no lower official is likely to risk trouble for himself by making an issue of the matter.²⁸

Gebru Tareke has explained how the landlords could obstruct deeply needed land reform and agrarian modernization.²⁹ “The state failed to push its reforms largely because it did not detach itself from the landed class,” he concludes. Despite cautious modernizing efforts, the outcome of the state’s inability to acquire meaningful autonomy was a cul-de-sac in which sluggish growth devoid of meaningful accumulation or transformation prevailed—where the spread of capitalist relations that had been introduced within some limited sectors was presented with formidable obstacles. “Its autonomous capacity compromised, the state was unable to intervene directly in the countryside and reorganize production,” Gebru explains, and as an eventual result, “the regime would collapse under the weight of the agrarian crisis.”

The Ethiopian Revolution and Social-Structural Transformations

Since structural impediments are the focus here, we need not ponder the immediate causes of the revolution nor the string of events as they played out. Instead, we will turn our attention to the structural outcomes of the revolution and how they relate to the obstacles identified above, starting with the transformations of the relations of production and thus the class structure in which these relations are manifested.

The first and most obvious point is that the Ethiopian revolution completely abolished the landlordist relations on which the previous social

structure had been based. Landlordism was destroyed, together with the classes that relied on such relations. The importance of this point cannot be overstressed. Yet, the implications of the “socialist” rhetoric that accompanied the “great reforms” should not be exaggerated. As landlordism was abolished, the “institutional obstacles to rural production” were removed³⁰ and “a huge potential internal market”³¹ was created. Private property—in the form of ownership of means of production—and capitalist relations of production were certainly not abolished. In fact, the barriers to the development of such relations were removed.

In the wake of the abolition of landlordism, the dominant position within the social formation was taken over by a modernist category found within the intelligentsia, the civilian and military bureaucracy, and the white-collar workforce, which might best be described as the new petty bourgeoisie.³² This may initially seem counterintuitive in light of official rhetoric, but a brief overview of the changes in the relations of production may serve to clarify the point.

Ownership of the predominant means of production in the rural economy—land—was nationalized, but use rights were given to a small-holding peasantry.³³ The result was not so much the emergence of “socialist” agrarian relations, as official rhetoric had it, but the construction of a configuration that several scholars have claimed produced capitalism. Analyzing postrevolutionary agrarian relations, Addis Hiwet came to characterize rural Ethiopia in the 1980s as petty bourgeois, marked by the “flowering of non-agrarian petty producers.”³⁴ Halliday and Molyneux, meanwhile, pointed out that the conditions for national capitalism to develop had been laid,³⁵ and Paul Kellerman claimed that the Derg “has carried out a capitalist revolution in the countryside, beyond which it has not been able to advance a single step.”³⁶

Initially, the state forced the peasantry into a system of exchange and organized agrarian surplus extraction through the imposition of required quotas to be delivered and sold for reduced prices.³⁷ While such coercion at first seems to contradict the characterization of rural relations of production as capitalist, it should be noted that the Ethiopian state never demanded the acquisition of quotas so extensive as to strangle the mushrooming of rural markets. On the contrary, it can be said that the quota requirements monetized rural relations to an entirely new degree, and forced the Ethiopian peasants into larger commoditized relationships.³⁸ As

coerced purchasing was first relaxed and then abolished in the late 1980s and early 1990s, it became evident that the postrevolutionary agrarian structure was indeed not only compatible with capitalist growth but also most conducive to it. Not only was this manifested in the growth of the rural market and in the self-holding peasantry, but state ownership proved entirely compatible with large scale land transfers—if only as “leases”—and enclosures.³⁹

In the modern business sector, nationalizations implied that assets were transferred from private, mostly foreign, ownership to state ownership. The nationalized enterprises were, however, not run along socialist lines but run as tools for accumulation. The nationalizations were always meant to seize only the commanding heights of the economy, and they left a wide range of establishments in private hands. After settling outstanding debt to foreign owners of nationalized enterprises, furthermore, and in an attempt to reassure private investors, private property rights and guarantees against further nationalizations were enshrined in the constitution of the People’s Democratic Republic of Ethiopia.⁴⁰ Such safeguards of private property rights were only extended further with the change of government in 1991.

Clapham⁴¹ estimates that, at the height of state ownership, state revenues from taxes on private sector profits were as high as 73 percent of revenues from the profits, interests, and rents of all state-owned enterprises, including the housing agency.⁴² These figures, unless we assume a business profit tax of almost 100 percent, would indicate that the size of the private sector, at the height of state ownership, was far greater than that of the state sector.⁴³ Eshetu Chole has noted that the extent of state ownership under the Derg was usually—perhaps as a result of the grand rhetoric—greatly exaggerated, and in reality, its share of output never accounted for more than a third of total output.⁴⁴ Furthermore, this share declined toward the middle to late 1980s as the state-owned sector stagnated while “undeniably large fortunes” were made in the private sector.⁴⁵ In the 1980s and especially from the early 1990s, as the fortunes of the first republic were deteriorating, the introduction of reforms aimed at a greater share of private ownership further increased the size of the private sector relative to that of the state.⁴⁶ The absolute dominance of the private sector was only reinforced after the post-1991 recalibration. Although a number of key state-owned enterprises emerged in the first decade of the twenty-first century, these

enterprises constitute conductors of capitalist development rather than counter-currents. In fact, the Ethiopian developmental model as presented lately⁴⁷ leaves no question about the aim of promoting private capitalism and the temporary nature of the activist role that it assigns to the state.⁴⁸ State involvement is legitimized by the historical evidence of the role of the state in spurring capitalist development and the theoretical notions derived from this. In this role, the contemporary Ethiopian state diverges only in terms of its achievements in driving capital accumulation and growth when compared to the immediate postrevolutionary configuration. In aims, no such divergence appears.

The postrevolutionary social terrain was, moreover, marked by the complete subjugation of labor, through the destruction of independent unionism and the imposition of a harsh labor regime. Organized labor had emerged on a countrywide scale in the 1960s and had undergone a process of slow but steady radicalization. By the eve of the revolution, the radical wing of the labor movement had become dominant, and amidst a flurry of labor unrest a hugely successful general strike in the spring of 1974 testified to the importance that the movement had gained.⁴⁹ In the early postrevolutionary years, however, the state unleashed a forceful reaction that—despite years of desperate resistance—eventually broke the back of the movement. In the aftermath of the destruction of the labor movement, a highly extractive and repressive labor regime was imposed on the workers. It entailed the banning of strikes and the shooting of strikers on sight, the breakup of the independent union movement, and the execution of key leaders. The labor proclamation of 6 December 1975 provided a framework for the harshest exploitation of a proletariat with no collective rights, including no minimum wage and the criminalization of absence from work. In the immediate aftermath, this led to increased surplus extraction. Real manufacturing wages in 1981 had declined to a mere 61 percent of their 1974 levels.⁵⁰ Labor has since remained subjugated. No independent labor movement has been allowed to reappear, and, partly as a result, the position of labor remains dire. The policies adopted by the state are characterized by a strong antilabor bias. The availability of cheap labor—even when comparison is made on a continental scale—is a condition on which Ethiopia's current developmental efforts are premised.⁵¹ When the current prime minister, Hailemariam Dessalegn, exhorts that “this generation has to sacrifice to

bring productivity up,” it is immediately clear that such sacrifice must come from labor rather than capital.⁵²

The revolution effected the most marked changes with regard to the state apparatuses, which after 1974 expanded, deepened, and gained a high degree of relative autonomy. The nationalization of large enterprises immediately added some 30,000–60,000 positions to the state payroll.⁵³ In the rural sector, a similar category of state officials with a wide range of different administrative capacities was created. Meanwhile, a swelling number of political cadres exercising control functions at all levels of society emerged. Initial mass mobilizing efforts had envisioned the *kebeles*—urban dwellers’ associations—and the peasant associations as means of establishing popular power. Relatively soon, however, these local units were turned into means of extending central power and control. Social control was reinforced by the establishment of the mass organizations, and eventually also the appearance of a ruling party fused with the apparatuses of the state. Any democratic pretensions of these institutions were strictly symbolic, and popular political participation was restricted to the forced formal expression of support to the state. While it is usually assumed that the expansion of state apparatuses was specific to the state capitalist regime that ruled Ethiopia in the first 17 postrevolutionary years, the 1991 recalibration did not essentially modify the situation. In fact, the extreme expansion of the number of electable offices provided millions of new positions in the bureaucracy, and hence millions of party members.⁵⁴

Not only did the state apparatuses expand; they also deepened their reach into the social, geographic, and political hinterlands. The structures introduced in the immediate aftermath of the revolution have been kept in place—although, in some cases, renamed—and have expanded even further in the intervening period of time. When, in 2012, then prime minister Meles Zenawi stated that “unlike all previous governments our writ runs in every village,”⁵⁵ he was making an important point relating to this deepening of the Ethiopian state, but he was simultaneously guilty of exaggerating the novelty: the essential structures and the configuration of these structures, at the very least, had been in place for several decades.

Finally, and probably most importantly, the state apparatuses were freed from the retarding attachment to and control by the rentier classes. Instead, the state became imbued with the level of relative autonomy that was required to decisively intervene in the economy and reorganize

it so as to spur entirely new levels of capital accumulation. This was noted by Addis Hiwet as early as 1975, when he discussed the bonapartism of the military rulers.⁵⁶ In 1984, while concluding that the revolution was best characterized as a “bourgeois democratic” one, he was willing to go as far as to concede that it was one “pushed to its limits, perhaps even to the brink of an anti-bourgeois one.”⁵⁷ At times, the high level of relative autonomy has enabled the state to act as if it is almost entirely detached from the social relations from which it emerged, defying predictability and occasionally, seemingly, its own logic. Yet, antibourgeois it never became, and as Addis predicted, the moment of state capitalism would last only “until such time that forces within state capitalism and/or flourishing petty commodity production, or a serious strain within the economy at large, or, for that matter, acute political crisis, could alter the situation in favor of private capitalism.”⁵⁸ This is, of course, precisely what happened between the late 1980s and the early 1990s.⁵⁹ But if the process that began in 1974 constituted a complete reconfiguration, the changes in the early 1990s may, due to the glaring continuities, be better characterized as a recalibration. The state has thus continued to be imbued with a high level of relative autonomy, at least until such time that a firmly established and propertied dominant class constellation emerges. It can, therefore, at least for the time being, continue to play the role of a relatively autonomous promoter of capital accumulation on a systemic level. It is this state that now—to much acclaim—is pushing Ethiopia’s capitalist growth under the banner of the developmental state.

While the transformation described above removed a number of structural obstacles to capitalist development, new, temporary, and non-structural factors inhibiting growth did emerge in the early aftermath of the revolution. In the first case, the social and economic convulsions that the revolution entailed created internal upheavals and unrest that were bound to have negative impacts on the growth trajectory. In the second—related—case, the international reverberations and realignments that followed led to a full-scale war with the Somali Democratic Republic between 1977 and 1978. This coincided with a crisis of legitimacy of Ethiopian rule in Eritrea, a newfound assertiveness on the part of the liberation fronts active there, and an increased jingoism among the military rulers, which led to the complete militarization of the conflict there. As a result of these factors, the military budget came to consume the lion’s share of

the national budget.⁶⁰ It has plausibly been argued that this seriously hurt Ethiopian growth potential during the first 17 postrevolutionary years, as did renewed war with Eritrea in 1998 to 2000.⁶¹

Meanwhile, the bureaucratization of the economy created additional obstacles, not least because bureaucratic management of the economy was plagued by capacity constraints, perverted incentives, and commandist ineptitude. In addition, the requirements of the war economy led to the creation of new bureaucratic means of heavy surplus extraction. The notorious role of the Agricultural Marketing Corporation in requisitioning purchases of agricultural output for submarket prices continued to hamper rural demand.⁶² Despite the retarding nature of these factors, the fact that they were contingent in nature meant that they were going to diminish over time. With relative peace being achieved in the aftermath of 1991 in general, and 2000 in particular, the militarization of the political economy could be rolled back. Bureaucratic overextension and surplus extraction were progressively relaxed beginning in the late 1980s.

Conclusions: Situating Ethiopia's Present

From the above, it may be concluded that there are possibilities of explaining the present spurt of Ethiopian growth beyond the immediate, the narrow, and the banal. Recent Ethiopian history has seen massive transformations of the social terrain, which have removed structural obstacles to the development of capitalism and imbued it with features that strongly encourage this expansion. A number of such structural factors can here be proposed. By eliminating the conservative and rentier landlord class—prone to consumption and unproductive investment rather than extended accumulation—and replacing it with, at the commanding positions, a modernist and ambitious bourgeois—even if only a petty bourgeois as yet—category, the revolution has laid the foundations for the serious pursuit of a capitalist orientation. At the same time, the elimination of the landlordist regime created a massive potential internal market out of the freed peasantry that significantly enhanced the viability and prospects of the capitalist orientation. The thorough subjugation of labor to the requirements of capital, furthermore, removed another potential political and economic obstacle to capital hegemony and accumulation and has since

guaranteed the provision of abundant cheap and docile wage labor. Finally, the enhancement and deepening of the capacities of the state, as well as its imbuement with a high level of relative autonomy, has enabled the reorganization of the economy in favor of capital accumulation on a systemic level and enhanced the ability of the state apparatuses to intervene in the economy and act as direct agents and promoters of accumulation and capitalist development. All these factors combined have created a social structure conducive to capitalist development and laid the foundations for the current spurt of rapid capitalist growth. The foundations of Ethiopia's present must thus be situated in the reconfigurations and transformations brought about by the Ethiopian revolution.

The omission of the role of historically defined and constructed social-structural factors in conditioning contemporary Ethiopian economic growth can perhaps partly be explained as a reflection of radical shifts in official rhetoric: the “developmental state” is presented in quite different terms from the “socialist state” of yesteryear—although its aims are not far removed from those of that state. This may have served to conceal the degree to which the social-structural configuration has actually remained relatively stable over the last four decades. This tendency is enhanced, perhaps, by the fact that the rapid growth process is of much more recent origin. But four decades is a relatively short period where historical processes such as the development of capitalism are concerned, and the violence and wars that accompanied the transformations in their early decades would have offset the effects of even the most conducive structural setting. Bureaucratic mismanagement probably played a role too. Such contingencies, however, are not decisive to the argument here: that the nature of the social-structural transformation that the Ethiopian revolution entailed was a precondition for the current phase of capitalist development in Ethiopia.

NOTES

1. Robert Brenner, “The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism,” *New Left Review* 1/104 (July–August 1977): 25–92.
2. See, for instance, FDRE Ministry of Finance and Economic Development, “Growth and Transformation Plan Annual Progress Report for F.Y. 2012/2013,” Addis Ababa, 2014; and International Monetary Fund, “IMF

- Executive Board Concludes 2014 Article IV Consultation with the Federal Democratic Republic of Ethiopia,” 3 October 2014, <http://www.imf.org/external/np/sec/pr/2014/pr14458.htm> (accessed 20 February 2015).
3. Robert Stutz, “The Developing Industrial Relations System in Ethiopia,” mimeograph, Haile Selassie I University, Addis Ababa, 1967, 11–12. Stutz lists the modern economy as comprising industrial agriculture, mining, manufacturing, construction, trade, banking and insurance, transportation, utilities, government, social services, and other services. Stutz argues that the estimate of 294,000 people in the modern wage-employing sectors given by the U.S. Department of Labor is too low, and indeed lists nonagricultural sectors as employing 940,000. However, while the modern sectors listed in the first estimate given here are such that wage employment can be assumed to account for the overwhelming majority, it is not certain that the same applies to all employees listed in the second estimate given here.
 4. Central Statistical Agency, “Statistical Report on the 2005 National Labour Force Survey,” Addis Ababa, 2006; Central Statistical Agency, “Statistical Report on the 2013 National Labour Force Survey,” Addis Ababa, 2014.
 5. Matteo Rizzo, “Rural Wage Employment in Rwanda and Ethiopia: A Review of the Current Policy Neglect and a Framework to Begin Addressing It,” Working Paper 103, Policy Integration Department, International Labour Office, Geneva, 2011.
 6. Samuel Andreas Admasie, “Ethiopia and the Surge of Wage Labour,” *E-Journal of International and Comparative Labour Studies* 4, no. 1 (2015): 139–45.
 7. Peter Mwanakatwe and Lamin Barrow, “Ethiopia’s Economic Growth Performance: Current Situation and Challenges,” *African Development Bank Group Economic Brief* 1, no. 5 (2010); Michael Geiger and Lars Christian Moller, *Fourth Ethiopia Economic Update: Overcoming Constraints in the Manufacturing Sector* (Washington, DC: World Bank Group, 2015); International Monetary Fund, “IMF Country Report No. 14/304,” 2014.
 8. See, for example, John Whalley and Aaron Weisbrod, “The Contribution of Chinese FDI to Africa’s Pre-Crisis Growth Surge,” *Global Economy Journal* 12, no. 4 (2012), for a discussion of the effects of recently incoming flows of Foreign Direct Investment (FDI) on growth; Fentaye Setargie, “The Impact of Foreign Aid on Economic Growth of Ethiopia,” *Journal of Economics*

- and *Sustainable Development* 6, no. 7 (2015), for a discussion of the role of aid in enhancing growth; and Berhe Mekonnen Beyene, "The Effects of International Remittances on Poverty and Inequality in Ethiopia," *Journal of Development Studies* 50, no. 10 (2014), for a discussion of the microlevel effects of remittances.
9. Arkebe Oqubay, *Made in Africa: Industrial Policy in Ethiopia* (Oxford: Oxford University Press, 2015); Tim Kelsall, "Ethiopia: Rent-Seekers and Productive Capitalists," in *Business, Politics and the State in Africa: Challenging the Orthodoxies on Growth and Transformation* (New York: Palgrave Macmillan, 2013); Sara Vaughan and Mesfin Gebremichael, "Rethinking Business and Politics in Ethiopia: The Role of EFFORT, the Endowment Fund for the Rehabilitation of Tigray," Africa Power and Politics Programme Research Report no. 2, Overseas Development Institute, London, 2011.
 10. Following Vincent Mosco, *The Political Economy of Communication* (London: Sage, 2009), 24, political economy is defined as "the study of the social relations, particularly the power relations, that mutually constitute the production, distribution, and consumption of resources." Vincent Mosco argues that political economy is based, on the one hand, on a focus on transformation and change over time, the trajectory of these processes as well as the dynamics that drive them. On the other hand, it is based on an insistence on the relevance of the social totality and a rejection of the mechanical separation of the economic from the social and political.
 11. See Dae-oup Chang, "Labour and the 'Developmental State': A Critique of the Developmental State Theory of Labour," in *Beyond the Developmental State: Industrial Policy into the Twenty-First Century*, ed. B. Fine, J. Saraswati, and D. Tavasci (London: Pluto, 2013), 85–109, for a succinct critique of how labor, class relations, and the state are conceptualized within this field, as well as a historical discussion of the partisan class nature of the "classic" set of "developmental states."
 12. Nicos Poulantzas, *Political Power and Social Classes* (London: NLB and Sheed and Ward, 1973), 284–85.
 13. Poulantzas, *Political Power and Social Classes*, 284–85.
 14. Nicos Poulantzas, *Fascism and Dictatorship: The Third International and the Problem of Fascism* (London: Verso, 1979), 313–14.
 15. Poulantzas, *Political Power and Social Classes*, 287; Poulantzas, *Fascism and Dictatorship*, 86.

16. Although the literature abounds with descriptive accounts that would broadly fall into this category, the term “bonapartist” has explicitly been used in John Markakis and Nega Ayele, *Class and Revolution in Ethiopia* (Addis Ababa: Shama Books, 2006); Michael Chege, “The Revolution Betrayed: Ethiopia, 1974–9,” *Journal of Modern African Studies* 17, no. 3 (September 1979): 359–80; and Addis Hiwet, *Ethiopia: From Autocracy to Revolution* (London: Review of African Political Economy, 1975), 113; and again as cited in Tibebe Teshale, “Modernity, Eurocentrism, and Radical Politics in Ethiopia, 1961–1991,” *African Identities* 6, no. 4 (November 2008): 345–71. The term was reemployed by Meles Zenawi in the context of the 2001 split in the ruling party, but with a meaning quite radically removed from that in the literature referred to: “bonapartism” is not an ideational category, but a structural one; it is not a quality of individuals, but a quality of conjunctures.
17. Chang, “Labour and the ‘Developmental State.’”
18. Charles Bettelheim, “Dictatorship of the Proletariat, Social Classes, and Proletarian Ideology,” in *On the Transition to Socialism*, ed. P. Sweezy and C. Bettelheim (London and New York: Monthly Review Press, 1971), 59.
19. James F. Petras, “State Capitalism and the Third World,” *Development and Change* 8, no. 1 (1977): 2.
20. Fred Halliday and Maxine Molyneux, *The Ethiopian Revolution* (London: Verso, 1981), 64.
21. Around 40 percent of the tillers were tenants, and around 60 percent of the cultivated land was owned by nontenants (imperial family, church, state, landlords). Jan Valdelin, “Landanalys Etiopien,” SIDA, Stockholm, 1979, 23–24.
22. Valdelin, “Landanalys Etiopen,” 24–25.
23. Eshetu Chole, *Underdevelopment in Ethiopia* (Addis Ababa: OSSREA, 2004), 41; Addis Hiwet, *Ethiopia*.
24. Edmond J. Keller, *Revolutionary Ethiopia: From Empire to People’s Republic* (Bloomington: Indiana University Press, 1989).
25. Lars Bondestam, “People and Capitalism in the North-Eastern Lowlands of Ethiopia,” *Journal of Modern African Studies* 12, no. 3 (September 1974): 423–39.
26. John Markakis, *Ethiopia: Anatomy of a Traditional Polity* (Oxford: Clarendon Press, 1974), 138–39.
27. Markakis, *Ethiopia*, 288–89.

28. Markakis, *Ethiopia*, 342–43.
29. Gebru Tareke, *Ethiopia: Power and Protest: Peasant Revolts in the Twentieth Century* (Lawrenceville, NJ: Red Sea Press, 1996), 80–85.
30. Dessalegn Rahmato, cited in Addis Hiwet, “Analysing the Ethiopian Revolution,” *Review of African Political Economy* 11, no. 30 (September 1984): 42.
31. Addis Hiwet, “Analysing the Ethiopian Revolution,” 39.
32. For an elaborate theoretical discussion of this, see Nicos Poulantzas, *Classes in Contemporary Capitalism* (London: Verso, 1978), 195–336.
33. While state farms were introduced and supported, they were never very meaningful to the economy, and the output of such farms was a mere 3.4 percent of total grain output, with grain production being the state farms’ central function. Christopher Clapham, *Transformation and Continuity in Revolutionary Ethiopia* (Cambridge: Cambridge University Press, 1990), 180.
34. Addis Hiwet, “Analysing the Ethiopian Revolution,” 39.
35. Halliday and Molyneux, *The Ethiopian Revolution*, 278–79.
36. Paul Kelemen, “Ethiopia: Heretical Socialism or Orthodox State Capitalism,” *Review of African Political Economy* 30 (September 1984): 124–33.
37. Eshetu Chole, *Underdevelopment in Ethiopia*, 135–47; Dessalegn Rahmato, *The Peasant and the State: Studies in Agrarian Change in Ethiopia 1950s–2000s* (Addis Ababa: Addis Ababa University Press, 2009), 333–34.
38. Addis Hiwet, “Analysing the Ethiopian Revolution,” 42; Eshetu Chole, *Underdevelopment in Ethiopia*, 139–40; Siegfried Pausewang, *Peasants, Land and Society: A Social History of Land Reform in Ethiopia* (Munich: Weltforum Verlag, 1983), 157–63.
39. See Fouad Makki, “Development by Dispossession: Terra Nullius and the Social-Ecology of New Enclosures in Ethiopia,” *Rural Sociology* 79, no. 1 (2014): 79–103.
40. Keller, *Revolutionary Ethiopia*, 247.
41. Clapham, *Transformation and Continuity in Revolutionary Ethiopia*, 124–25.
42. In 1975, all rented houses were nationalized and transferred to the *kebeles* or the state housing agency. While the government revenues here thus include such rents, the taxes on private businesses do not.
43. It should be noted that the informal sector—entirely private—is excluded from these figures. Its inclusion would expand the size of the private

sector even further. Also excluded is the massive rural sector, which is predominantly private.

44. Eshetu Chole, *Underdevelopment in Ethiopia*, 199.
45. Eshetu Chole, *Underdevelopment in Ethiopia*, 239–51.
46. Eshetu Chole, *Underdevelopment in Ethiopia*, 125–29, 182–87.
47. This could be summed up by the words of Meles Zenawi, who has claimed that “when [the developmental state] has done its job it will undermine its own social base, to be replaced by a social democratic or liberal democratic coalition.” Cited in Alex De Waal, “Review Article: The Theory and Practice of Meles Zenawi,” *African Affairs* 112, no. 446 (2013): 148–55. But see also references to the private sector as “the engine” of industrial development in, for example, the Industrial Development Strategy, and mentioned also in Ministry of Finance and Economic Development FDRE, *Growth and Transformation Plan 2010/11–2014/15* (Addis Ababa: FDRE Ministry of Finance and Economic Development, 2010).
48. This activist role is derived entirely from the perceived need to address market failures in the catch-up phase. The argumentation is void of any references to any broader social goals. See, for instance, Arkebe Oqubay, *Made in Africa*; and Meles Zenawi, “States and Markets: Neoliberal Limitations,” in A. Noman et al., eds., *Good Growth and Governance in Africa* (Oxford: Oxford University Press, 2012).
49. Emmanuel Fayessa Negassa, “The Confederation of Ethiopian Labour Unions and Its First General Strike (March 7–11, 1974): Causes and Impact” (master’s thesis, Cornell University, 1977).
50. Mulatu Wubneh and Yohannis Abate, *Ethiopia: Transition and Development in the Horn of Africa* (Boulder, CO: Westview Press, 1988), 108–9.
51. Ethiopian Investment Agency, “An Investment Guide to Ethiopia: Opportunities and Conditions 2013,” Addis Ababa, 2013, 13; Tilmann Altenburg, “Industrial Policy in Ethiopia,” Discussion Paper 2/2010, German Development Institute, Bonn, 2010, 19.
52. Elissa Jobson and Nicholas Norbrook, “This Is a Generation That Has to Sacrifice—Ethiopian PM, Hailemariam Dessalegn,” *Africa Report*, 11 June 2014, <http://www.theafricareport.com/East-Horn-Africa/this-is-a-generation-that-has-to-sacrifice-ethiopian-pm-hailemariam-desalegn.html> (accessed 27 February 2015). See also state minister Abraham Tekeste’s recent statement, avowing that Ethiopians can “really save and

- postpone consumption.” Jacey Fortin, “Progress and Zeal,” *Africa Report* 68 (March 2015), 52.
53. Clapham, *Transformation and Continuity in Revolutionary Ethiopia*, 124; Markakis and Nega Ayele, *Class and Revolution in Ethiopia*, 156.
54. Louise Aalen and Kjetil Tronvoll, “The 2008 Ethiopian Local Elections: The Return of Electoral Authoritarianism,” *African Affairs* 108, no. 430 (2008): 116.
55. Richard Dowden, “How Meles Zenawi Rules Ethiopia,” *African Arguments*, 21 May 2012, <http://africanarguments.org/2012/05/21/how-meles-rules-ethiopia-by-richard-dowden/> (accessed 27 February 2015).
56. Addis Hiwet, *Ethiopia*, 113.
57. Addis Hiwet, “Analysing the Ethiopian Revolution,” 42.
58. Addis Hiwet, “Analysing the Ethiopian Revolution,” 42.
59. It is today quite frequently and conveniently forgotten that the impulse for the reorientation away from state capitalism and toward private capitalism did not emerge with the change of government of 1991—in fact, such a reorientation had been in the works for several years before it was established as official policy in 1990.
60. According to one estimate, military expenditures came to consume as much as 70 percent of the state budget. See Andargachew Tiruneh, *The Ethiopian Revolution, 1974–1987: A Transformation from an Aristocratic to a Totalitarian Autocracy* (Cambridge: Cambridge University Press, 1993), 349.
61. Alemayehu Geda, “Does Conflict Explain Ethiopia’s Backwardness? Yes,” in *Readings on the Ethiopian Economy* (Addis Ababa: Addis Ababa University Press, 2011).
62. See Eshetu Chole, *Underdevelopment in Ethiopia*; and Dessalegn Rahmato, *The Peasant and the State*, 333–34. It should be noted, however, that the Agricultural Marketing Corporation also played a role in furthering market relations and thus capitalist development, by forcing the peasantry into larger commoditized and monetized relationships.

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